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25 JANUARY 1956

NSC BRIEFING

BACKGROUND-WORLD COPPER MARKET

- I. 1955 was marked by a tight situation in the world copper market, as a result of reduced supply and growing demand.
 - A. In 1954, the reserve stocks of copper in primary producing countries were virtually eliminated.
 - B. Faced with a rapidly developing market imbalance in 1955 copper fabricators in their eagerness to secure supplies bid up the price of copper to record high levels.
- II. Demand for the metal was vigorous all year, but strikes over wages and working conditions in both mines and refineries kept producers from meeting it.
 - A. Strikes in the late summer of 1954 in the US and in Chile, and later in Rhodesia, cost the world about 120,000 tons of copper that year and nearly 150,000 tons in 1955.
 - B. While strikes reduced copper output in the Free World, 1955 was a year of record industrial output in all free world countries, and the demand for copper, which is closely related to manufacturing activity, rose correspondingly.
 - C. At the same time, speculative buying contributed to the inflationary pressures in copper markets.
- III. Exports to the Sino-Soviet Bloc contribute to the tight copper supply situation in the Free World.
 - A. There is, however, no evidence of unusual Soviet purchases in 1955.

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